

HB 510 -- LIMITED LIABILITY COMPANIES(Torpey)

COMMITTEE OF ORIGIN: Special Standing Committee on Small Business

This bill changes the laws regarding limited liability companies (LLCs). It its main provisions, the bill:

- (1) Specifies the information the articles of organization of an LLC must set forth for each separate series of the LLC;
- (2) Specifies the information the application for registration as a foreign LLC must set forth for each separate series of the LLC;
- (3) Allows an operating agreement to establish or provide for the establishment of a designated series of members, managers, or LLC interests having separate rights, powers, or duties with respect to specified property or obligations of the LLC or profits and losses associated with specified property or obligations;
- (4) Specifies that the debts, liabilities, and obligations incurred, contracted for, and otherwise existing with respect to a particular series must be enforceable only against the assets of that series;
- (5) Specifies when a particular series will be deemed to have possession, custody, and control only of the books, records, information, and documentation related to the series, and not of the LLC as a whole;
- (6) Prohibits the debts, liabilities, obligations and expenses incurred, contacted for or otherwise existing with respect to an LLC from being enforceable against the assets of the series, unless otherwise provided in the operating agreement;
- (7) Requires a series with limited liability to be treated as a separate entity as set forth in the articles of organization and allows the series to conduct business and exercise the powers of an LLC;
- (8) Specifies when the name of the series with limited liability must contain the entire name of the LLC;
- (9) Specifies when the name of a series with limited liability may be changed and when it may be dissolved;
- (10) Specifies that an operating agreement can provide for classes or groups of members or managers associated with a series having the rights, powers, and duties as provided in the agreement and may make provision for the future creation of additional classes or

groups of members or managers associated with the series;

(11) Allows a series to be managed either by the member or members associated with the series or by the manager or managers chosen by the members of the series;

(12) Specifies that an operating agreement may impose restrictions, duties and obligations on members of the LLC or series regarding certain matters; and

(13) Specifies the requirements for foreign LLCs that have established a series to register to do business in the state.